

Congress of the United States
Washington, DC 20515

August 14, 2020

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, D.C. 20410

Dear Secretary Carson:

We write today as Members of the House Committee on Financial Services to request that HUD act expeditiously to revise and modernize FHA's Title I and Title II mortgage insurance programs for manufactured home loans. These mortgage programs are currently underutilized with loan volumes continuing to decline.

Outdated rules have made it difficult for otherwise qualified borrowers to obtain an FHA loan. As our nation seeks solutions in response to the devastating economic effects of the COVID-19 pandemic, there is new urgency to modernize FHA programs that serve manufactured housing, which is the most affordable homeownership option available to low and moderate income, underserved, and minority borrowers.

As you know, FHA insures manufactured home loans originated by private lenders both for new home purchases and for existing homes. The FHA Title I program insures chattel loans (home only as personal property) and the Title II program insures land-home (real property) loans.

HUD's Housing Finance Reform Plan recognized the need to update FHA's manufactured home program guidelines, both for FHA Title I and II. Changes have been pending or in process for several years, but it is now time to finalize and include them in the FHA Handbook. For example, the 2008 HERA legislation mandated that the Title I loan limits be updated annually to reflect inflation, yet no adjustments have been made to date. Additionally, a 2014 GAO report titled "Efforts Needed to Enhance Program Effectiveness and Ensure Funding Stability" noted that the Manufactured Housing Improvement Act of 2000 required HUD to review the effectiveness of these FHA programs, but HUD has not developed a plan to do so.

The FHA Title I program is critical to manufactured home financing, as nearly 75 percent of new homes are financed as chattel loans. Unfortunately, FHA Title I chattel loan use has fallen precipitously in recent years, from 848 loans in 2017 to only 204 loans in 2019, according to FHA's 2019 Annual Management Report. This is less than one half of one percent of the 53,736 chattel loans made in 2019.

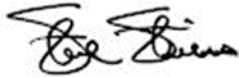
The FHA Title II Program is also important, particularly as the manufactured home industry begins delivery of its new class of affordable manufactured homes with amenities. Without full access to FHA

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financing, many families are unable to attain the dream of homeownership through affordable manufactured housing.

Thank you for your consideration. We look forward to your response.

Sincerely,



Steve Stivers
Member of Congress



Scott Tipton
Member of Congress



Bill Posey
Member of Congress



David Kustoff
Member of Congress



Barry Loudermilk
Member of Congress



William R. Timmons IV
Member of Congress



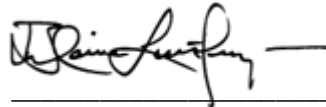
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Member of Congress



Trey Hollingsworth
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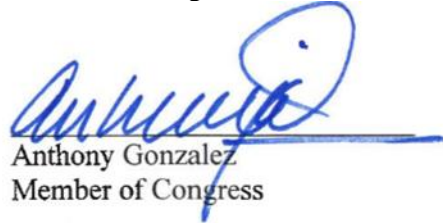


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